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Message Text

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FOL RPT GEORGETOWN 1570 ACTION SECSTATE INFO BRIDGETOWN KINGSTON PARAMARIBO PORT OF SPAIN 19 JUL 77 QUOTE

C O N F I D E N T I A L GEORGETOWN 1570

E.O. 11652: GDS
TAGS: EAID, EAGIGN, JM, GY
SUBJECT: PROPOSED PL 480 RICE SALE TO JAMAICA

REF: STATE 162044 (NOTAL)

SUMMARY: TRANSMITTAL OF NEWS TO GOG OF USG PROPOSAL TO SELL JAMAICA 6,000 TONS OF RICE COINCIDED WITH NEW THAT JAMAICA IS SLASHING ITS PURCHASES OF RICE FROM GUYANA TO 602 TONS IN JULY AND 402 TONS IN AUGUST. GUYANESE OFFICIALS ARE EXTREMELY CONCERNED AND ATTRIBUTE THE CUT IN JAMAICAN PURCHASE TO THE USG PROPOSAL. CHARGE'S STATEMENTS THAT US UNDERSTANDS JAMAICA WOULD FULFILL USUAL MARKETING REQUIREMENTS HAS NOT EASED CONCERNS AROUSED BY JAMAICAN DECISION TO CUT PURCHASES FROM GUYANA. FOR GUYANA, THIS IS ANOTHER SETBACK FOR ITS DETERIORATING CONFIDENTIAL

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ECONOMY. THEY HAVE INQUIRED WHETHER THE USG COULD NOT FIND SOME OTHER WAY TO ASSIST JAMAICA, PERHAPS BY PROVIDING WHEAT, SOYA, MAIZE OR A LOAN FOR USE IN PURCHASING RICE FROM TRADITIONAL SUPPLIERS. END SUMMARY.

1. A FEW HOURS BEFORE CHARGE ADVISED GOG AGRICULTURE MINISTER GAVIN KENNARD AND FONMIN WILLS ON JULY 14 OF

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US PROPOSAL TO SELL RICE TO JAMAICA, THE JAMAICA
NUTRITION HOLDINGS LTD--A STATE ORGANIZATION--HAD
INFORMED GOG THAT GUYANA SHOULD REDUCE ITS SHIPMENTS
WHICH HAD RANGED BETWEEN 3,000 TO 4,000 TONS PER
MONTH FROM JANUARY THROUGH JUNE. THE NEW LEVELS
WERE 602 TONS FOR JULY AND 408 TONS IN AUGUST AND
WHILE PRECISE AMOUNTS FOR SUBSEQUENT MONTHS WERE
NOT SPECIFIED, MESSAGE WAS THAT PURCHASES WOULD
FOLLOW THE REDUCED LEVEL. THEY ASSERTED THAT GIVEN THE
PRESENT STATE OF GUYANA'S ECONOMY, THIS WOULD BE DISASTROUS.

2. CHARGE HELD MEETINGS WITH KENNARD ON JULY 15 AND
WITH WILLS JULY 18 TO EXPLAIN OUR
UNDERSTANDING THAT JAMAICA IS TO FULFILL ITS USUAL
MARKETING REQUIREMENTS OF 36,000 TONS FROM TRADITIONAL
SUPPLIER. ACCORDING TO BOTH OFFICIALS, BURNHAM IS
AGITATED OVER THIS DEVELOPMENT. CHARGE TOLD THEM HE
WOULD SEEK ADDITIONAL INFORMATION FROM DEPARTMENT,
AND ASSURED THEM THAT USG INTENTION WAS NOT TO
DAMAGE GUYANA'S ECONOMY.

3. BACKGROUND ON JAMAICAN RICE PURCHASES FROM
GUYANA PROVIDED BY KENNARD WAS THAT PURCHASES HAD
BEEN 36,668 TONS IN 1975 AND 28,678 IN 1976. TOTAL
JAMAICAN DEMAND FROM GUYANA HAD BEEN 40,000 TONS IN
BOTH YEARS, BUT SHIPPING DIFFICULTIES IN 1975 AND THE
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SMALL HARVEST DUE TO BAD WEATHER HAD REDUCED THE 1976
SHIPMENT. BUT THIS YEAR THE GOOD SPRING CROP HAD
ENABLED GUYANA TO FILL ALL ORDERS.

4. ACCORDING TO KENNARD, THE GUYANA RICE BOARD HAD
ENCOURAGED SUBSTANTIAL INVESTMENT IN RESEARCH,
STORAGE AND DRYING CENTERS, MODERN MILLS, PACKAGING
EQUIPMENT AND OTHER FACILITIES DESIGNED ESPECIALLY
TO SERVE THE JAMAICAN MARKET. THE GOG HAD RECEIVED
SUBSTANTIAL LOAN ASSISTANCE FROM THE US TO HELP IN
DOING THESE THINGS AND WOULD HAVE TO REPAY THE LOANS.
TO ILLUSTRATE THE PROBLEM KENNARD POINTED OUT THAT THE
RICE BOARD HAS IN STOCK 4 MILLION GUYANESE DOLLARS WORTH
OF POLYETHYLENE PACKAGING MATERIAL PRINTED WITH JAMAICAN
BRAND NAMES WHICH IT MAY HAVE TO WIRTE OFF. IN CONTRAST
TO THE FAVORABLE CARICOM PRICE THEY RECEIVE FROM JAMAICA,
THE OPEN MARKET PRICE IS LOW DUE AN OVERSUPPLY OF RICE.
MOREOVER, AS A NEW AND UNKNOWN SUPPLIER, GUYANA WOULD BE
AT A DISADVANTAGE AND INEVITABLY SUFFER SERIOUS LOSSES.

5. KENNARD AND WILLS SAID THEY RECOGNIZED AND ACCEPTED
THE US INTENT TO BE HELPFUL TO JAMAICA. KENNARD

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ASKED WHETHER IT WOULD NOT BE POSSIBLE FOR THE US
TO PROVIDE WHEAT, MAIZE OR SOYA AND LEAVE THE RICE
MARKET TO BE SUPPLIED BY JAMAICA'S TRADITIONAL SUPPLIER
AND CARICOM TRADING PARTNER, I.E., GUYANA. ALTERNATIVELY,
HE SUGGESTED THAT THE US LOAN JAMAICA MONEY TO FINANCE
RICE IMPORTS. THIS WOULD ALSO HELP GUYANA SURVIVE ITS
PRESENT FOREIGN EXCHANGE CRISIMM. THE CHARGE TOLD KENNARD
THAT THE LATTER PROCEDURE PROBABLY WOULD BE IMPOSSIBLE.

6. COMMENT: THE INTERRELATEDNESS OF ECONOMIC
DEVELOPMENTS WITHIN THE CARICOM AREA IS HIGHLIGHTED
BY THIS SITUATION. IT IS DIFFICULT
TO PROVIDE LARGE-SCALE ASSISTANCE TO ONE AILING ECONOMY
IN THE AREA WITHOUT CONCURRENTLY CONSIDERING AND TAKING
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MEASURES TO PREVENT ADVERSE EFFECTS IN OTHERS. THE
GUYANESE HAVE A SYMPATHETIC ATTITUDE TOWARD JAMAICA'S
PROBLEMS, BUT THEY BELIEVE THAT THEIR OWN SHORT-TERM
ECONOMIC CRISIS IS EQUALLY GRAVE. THEY ASSERT THAT
THEY HAVE MANAGED THEIR SITUATION WITH GREATER DISCIPLINE,
SO THAT THE OVERT SIGNS OF TROUBLE ARE NOT AS VISIBLE.
GIVEN BURNHAM'S SUSPICIOUS NATURE, HE WILL TEND TO
BLAME THE USG, PRIVATELY IF NOT PUBLICLY, FOR THE
ADVERSE IMPACT ON GUYANA OF JAMAICA'S DECISION TO
SHARPLY REDUCE RICE SHIPMENTS. AS THE EMBASSY'S
REPORTING HAS INDICATED, THE ECONOMY CONTINUES TO
DETERIORATE INDEPENDENTLY OF THIS NEW DEVELOPMENT.

7. ACTION REQUESTED: PLEASE PROVIDE QUICKLY RELEVANT
INFORMATION CONCERNING THE PROPOSED SALE OF RICE TO
JAMAICA WHICH WOULD ENABLE US TO MAKE EXPLANATIONS TO
THE GUYANESE. EVEN IF OUR RESPONSE CANNOT BE POSITIVE,
IT WILL BE TO OUR ADVANTAGE TO RESPOND QUICKLY AND
FORTHRIGHTLY. DELAY OR EVASIVE ANSWERS TEND TO
DECREASE USG CREDIBILITY.
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Message Attributes

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Control Number: n/a
Copy: SINGLE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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